

I. APPLICANT OVERVIEW

Horseshoe Gaming Holding Corp. is a licensed riverboat owner in the state of Indiana, originally licensed on June 21, 1996, the applicant is currently in good standing. Horseshoe Gaming Holding Corp. has recently sold their Illinois Gaming property, Empress Joliet, to Argosy Gaming for \$460 million. The Illinois Gaming Board approved the transfer of ownership on July 24, 2001. The transaction between Argosy Gaming and Horseshoe Gaming Holding Corp. was finalized on July 31, 2001.

Historical Perspective

In 1951 Jack “Benny” Binion, Jack Binion’s father, purchased controlling interest in what was then the El Dorado Casino and renamed it the Horseshoe Club. In 1964 others who held interest in the Horseshoe Club sold their interest and the Horseshoe Club became 100 percent Binion owned. At the time, “Benny” Binion held controlling interest, with other family members holding various minority interests. During this period, the Horseshoe Club became Binion’s Horseshoe Hotel & Casino.

Eventually, controlling interest was turned over to Jack Binion because his father was unsuitable to hold a gaming license due to a felony conviction for tax evasion in Texas. In 1964, Jack Binion became president of Binion’s Horseshoe. He later sold some of his ownership interest to his mother, Teddy and brother, Ted. The Binion family held ownership of the property for many years with controlling interest resting with Jack Binion. Jack Binion’s older sister, Barbara Binion died in 1993 and his brother, Ted died in 1998.

In 1996, Jack Binion’s sister, Becky Behnen filed litigation regarding the amount of time Jack Binion spent developing properties outside of Las Vegas, Nevada. The litigation was settled in 1998 and Jack Binion resigned as chief executive officer of Binion’s Horseshoe. He sold all but one share of his ownership interest in the Las Vegas property in exchange for a \$20 million note from Becky Behnen. Brenda Michael, another one of Jack Binion’s sisters, also retained one share in Binion’s Horseshoe.

II. CORPORATE PROFILE

Horseshoe Gaming Holding Corp. was incorporated in the State of Delaware on April 15, 1999. Horseshoe Gaming Holding Corp. is a privately held company owned by a number of individuals, trusts, and other entities. Jack Binion is the majority owner in Horseshoe Gaming Holding Corp.

Other than the individuals, trusts holders and other entities that are listed in the Individual Profile Section, no person owns more than five percent of the applicant.

III. INDIVIDUAL PROFILES

Information in this section was obtained from the application, record checks and personal interviews. The following individuals submitted personal disclosure forms and background investigations were conducted.

Individuals who were identified as having day-to-day control, or five percent or more ownership of the applicant, which affect the Indiana applicant are: Jack B. Binion, chairman and chief executive officer; Roger P. Wagner, chief operating officer; Peri N. Howard, a 5.42 percent owner; Phyllis M. Cope, a 6.53 percent owner; Leslie L. Kenny, a 5.19 percent owner; Wanda L. Parsons, an executor of a trust controlling 6.53 percent.

Jack B. Binion is chairman of Horseshoe Gaming, Inc. and chairman and chief executive officer of the Indiana applicant. Mr. Binion currently owns 42.09 percent of the shares of Horseshoe Gaming Holding Corp., which will give him the same percentage ownership of the Indiana applicant.

Mr. Binion was born in Dallas, Texas on February 21, 1937. Mr. Binion graduated from Bellarmine High School in San Jose, California in June 1955. From 1955 through 1956, he attended the University of Arizona. From 1956 through 1957, he attended the University of Nevada at Las Vegas, Nevada. He did not receive a degree from either university. Mr. Binion has been married to Phyllis May (Bradley) Cope since January 1997 and they reside in Las Vegas, Nevada. Phyllis May (Bradley) Cope has two adult children from a previous marriage.

From September 1958 through July 1998, Mr. Binion was president and chief executive officer of Horseshoe Club Operating Company d/b/a Binion's Horseshoe Hotel & Casino located in Las Vegas, Nevada. From December 1992 to present, Mr. Binion has served as chief executive officer of Horseshoe Gaming, Inc., which manages riverboat casinos located in Bossier City, Louisiana, and Tunica County, Mississippi. Mr. Binion owns 35.2 percent of the Louisiana property and 38.3 percent of the Mississippi property. The other individuals who own the remaining shares are listed at the end of the Corporate Profile Section.

Mr. Binion currently holds gaming licenses in Indiana, Nevada, Mississippi and Louisiana. These licenses are current and in good standing.

On June 30, 2000, the Illinois Gaming Board issued an initial finding that Jack Binion was unsuitable to be licensed as a key person in Illinois. This finding was based upon issues that have been previously investigated and discussed in prior investigative reports. The Indiana Gaming Commission approved the acquisition and the licensure of Jack Binion as key person on August 20, 1999.

On July 24, 2001, the Illinois Gaming Board issued a resolution concerning the Argosy/Empress acquisition. In the resolution addressing this matter, the Illinois Gaming Board "determined that its initial finding of unsuitability, as to Mr. Jack Binion only, has become moot and without legal or practical significance for the purposes of licensing of the Empress Casino Joliet Corporation in Illinois." (Resolution attached.)

In addition, an Administrative Law Judge regarding the denial of the owner's license of Empress Casino Joliet Corporation (GL-00-01) on August 2, 2001 entered an Order of Dismissal. (Order of Dismissal attached.)

Additional discussion of the results of the investigative effort regarding this matter may be found in the Confidential portion of this report.

From May 1958 to July 1998, Mr. Binion held a liquor license for Binion's Horseshoe in Las Vegas, Nevada. From June 1994 to present, Mr. Binion has held a liquor license for Horseshoe Casino and Hotel in Bossier City, Louisiana. From January 1995 to present, Mr. Binion has held a liquor license for Horseshoe Casino and Hotel in Robinsonville, Mississippi. Investigators found this liquor license to be valid and in good standing.

Roger P. Wagner is the chief operating officer of Horseshoe Gaming Holding Corp. Mr. Wagner does not own any of the shares of Horseshoe Gaming Holding Corp.

Mr. Wagner was born in Billings, Montana on July 13, 1947. He received a Bachelor of Science degree in hotel administration from the University of Nevada at Las Vegas, Nevada. He is divorced and has two adult children and one minor child. He resides in Boulder City, Nevada.

From March 1970 to December 1973, Mr. Wagner worked for the Sands Hotel and Casino in Las Vegas, Nevada as an assistant resident manager. From December 1973 to October 1974, he worked for the Dunes Hotel & Casino in Las Vegas, Nevada as a resident manager. From October 1974 to January 1976, he worked for the Frontier Hotel and Casino in Las Vegas, Nevada as the hotel manager. From January 1976 to April 1977, Mr. Wagner worked for the Sands Hotel and Casino in Las Vegas, Nevada as the assistant general manager. From April 1977 to June 1978, he worked for the MGM Grand Hotel in Reno, Nevada as the executive vice president. From June 1978 to December 1981, he worked for the Sands Hotel and Casino in Las Vegas, Nevada as the executive vice president. From December 1981 to February 1983, he worked for the Edgewater Hotel and Casino in Laughlin, Nevada as the vice president and general manager. From February 1983 to May 1983, Mr. Wagner was unemployed and looking for employment. From May 1983 to June 1983, he worked for the Desert Inn Hotel and Casino in Las Vegas, Nevada as a front desk clerk. From June 1983 to August 1983, Mr. Wagner was unemployed. From August 1983 to June 1985, he worked for the Claridge Casino Hotel in Atlantic City, New Jersey as the senior vice president of hotel operations. In June 1985 he was promoted to president and chief operating officer. He left the Claridge Casino Hotel in January 1991. From January 1991 to November 1998, he worked for the Trump's Castle Casino Resort in Atlantic City, New Jersey as president and chief operating officer. He started working with Horseshoe Gaming, Inc. as chief operating officer in November 1998.

Roger Wagner has held a key gaming license issued by the New Jersey Casino Control Commission since March 7, 1984. This license expired in March 1999, with no disciplinary actions reported. Mr. Wagner had a Las Vegas, Nevada work permit that expired in 1983. Investigators did not find any violations against his work permit. Mr. Wagner held a temporary license in Indiana from October 1996 to February 1998 as general manager at Trump's Castle

Casino Resort in Atlantic City, New Jersey. No disciplinary actions were taken against his temporary license in Indiana.

Peri N. Howard, stepdaughter of Jack Binion currently owns 5.42 shares of Horseshoe Gaming, LLC. She is also the trustee of eleven trusts. These trusts amount to 8.1 percent that are held by the nephews, nieces and step-grandchildren of the Jack Binion family. These are in addition to her shares.

Mrs. Howard was born in Las Vegas, Nevada, on August 7, 1960. In 1984, Mrs. Howard graduated from the University of Las Vegas, Nevada and received a Bachelor of Science degree. Ms. Howard is divorced and she resides in Walls, Mississippi.

From February 1985 to August 1985, Ms. Howard worked for Cambridge Capital in Larkspur, California as a systems analyst. From August 1985 to February 1986, she was unemployed. From February 1986 to February 1988, Ms. Howard worked for the Morris Plan Company of California in Escondido, California as a financial representative to the branch manager. From February 1988 to July 1988, she was the owner of Creative Capital, renegotiating charged off debt for clients. From July 1988 to November 1990, she was unemployed. From November 1990 to present, Jack Binion has employed Ms. Howard as an investment tracker overseeing personal investments in Las Vegas, Nevada. From November 1990 to August 1994, Ms. Howard also worked as a bookkeeper at Woodside Terrace Apartments in Carson City, Nevada. From September 1993 to May 1994, she worked at Binion's Horseshoe Hotel and Casino in Las Vegas, Nevada as a cage cashier. From August 1994 to present, Ms. Howard worked as the casino player development and credit collections officer at the Horseshoe Casino and Hotel in Robinsonville, Mississippi. From March 1997 to present, she has served as vice chairman and director of Horseshoe Gaming, Inc. in Memphis, Tennessee.

Peri Howard currently holds gaming licenses in Louisiana and Mississippi. Investigators found these licenses to be valid and in good standing. Peri Howard holds an alcohol license in Louisiana and Mississippi through her association with the two Horseshoe casino operations. The licenses are valid and in good standing.

Phyllis M. Cope, wife of Jack Binion, currently is the trustee of two trusts, which are owned by the minor children of the Jack Binion family. As trustee Mrs. Cope controls 6.53 percent of the shares of Horseshoe Gaming, LLC..

Mrs. Cope was born in St. Louis, Missouri, on February 13, 1935. Mrs. Cope graduated from Las Vegas High School, Las Vegas, Nevada in 1952. Mrs. Cope has been married to Jack Binion since January 1997. They reside in Las Vegas, Nevada. Phyllis Cope has two adult children from a previous marriage.

From March 1976 to present, Mrs. Cope has owned the Vista Mobile Home Park in Henderson, Nevada. From January 1997 to September 1998, Mrs. Cope was a director of Horseshoe Gaming, Inc.

Phyllis Cope currently holds a gaming license in Louisiana and Mississippi. Investigators found the licenses valid and in good standing. Mrs. Cope holds an alcohol license in Louisiana and

Mississippi through her association with the two Horseshoe casino operations. These licenses are valid and in good standing.

Leslie L. Kenny, stepdaughter of Jack Binion currently holds 5.13 percent of the shares of Horseshoe Gaming, LLC. Mrs. Kenny graduated from Bishop Gorman High School in Las Vegas, Nevada in 1973.

Mrs. Kenny was born in Las Vegas, Nevada on October 6, 1955. She graduated from the University of Cosmetology in Las Vegas, Nevada in December 1979. Mrs. Kenny has been married to Thomas B. Kenny since 1986. They reside in Las Vegas, Nevada. Mrs. Kenny has two adult children from a previous marriage.

From May 1978 to August 1990, Mrs. Kenny worked as a bookkeeper for the Woodside Terrace Apartments in Carson City, Nevada. From April 1983 to present, she has worked as a manicurist at Headlines Hair Design in Las Vegas, Nevada.

Leslie Kenny currently holds a gaming license in Louisiana and Mississippi. They were found valid and in good standing. Mrs. Kenny is associated with the two Horseshoe Casino operations, each of which hold a liquor license in Louisiana and Mississippi. These licenses are valid and in good standing.

Wanda L. Parsons is the trustee of two trusts, which are owned by the minor children of the Jack Binion family. As trustee Mrs. Parsons controls 6.53 percent of the shares of Horseshoe Gaming, LLC..

Mrs. Parsons was born in Oklahoma City, Oklahoma on June 6, 1933. Mrs. Parsons graduated from Grants Pass High School in Grants Pass, Oregon. Wanda Parsons has been married to William E. Parsons since 1951. They reside in Carson City, Nevada. They have three adult children.

From July 1984 to December 1995, Mrs. Parsons was the owner of P and P Needlecrafts in Carson City, Nevada. From December 1978 to present, Mrs. Parsons is the apartment manager for the Woodside Terrace Apartments in Carson City, Nevada.

Wanda L. Parsons holds a gaming license in Louisiana and Mississippi they were found valid and in good standing.

Kirk C. Saylor is the chief financial officer of Horseshoe Gaming Holding Corp. Mr. Saylor joined Horseshoe Gaming Holding Corp. in November 1995. Mr. Saylor's responsibilities are financial reporting, management and protection of the company's assets.

Kirk Saylor was born in Las Vegas, Nevada on January 10, 1957. He attended Yavapai Junior College from September 1975 until June 1977. He also attended Taft Junior College and graduated with an Associate's degree in Business Administration. From September 1977 until June 1978, Mr. Saylor attended Linfield College and received no degree. Mr. Saylor attended the University of Nevada Las Vegas from September 1979 until December 1980, and graduated with

a Bachelor of Science degree in Business Administration. He currently holds a gaming license in Mississippi. Mr. Saylor's gaming license was found to be in good standing. Mr. Saylor is a licensed certified public accountant in Nevada, Tennessee and Arizona.

IV. DOCKSIDE PROPOSAL

On July 18, 2001 investigators met with Lacy Johnson, local counsel for the applicant, Horseshoe Gaming Holding Corp. Mr. Johnson advised that there have been few changes to the original dockside pavilion proposal. The applicant has changed the signage to Horseshoe Casino from Empress Casino and recently completed a \$30 million renovation project to the pavilion.

The gaming vessel contains 42,573 square feet of gaming space and 1,968 gaming positions. There are 393 slot machines on the first level of the gaming vessel, 425 slot machines on the second level, 384 slot machines on the third level and 315 slot machines on the fourth level. Empress Casino added the fourth level of the gaming vessel prior to the acquisition by Horseshoe Gaming.

V. CASINO MANAGEMENT

Horseshoe Gaming Holding Corporation's management positions are as follows:

Jack Binion	Chief Executive Officer
Roger Wagner	President and Chief Operating Officer

The Horseshoe Hammond Casino management personnel are as follows:

Rick Maizer	Senior Vice president and General Manager
George Corchis, Jr.	Assistant General Manager
Jim Klimesh	Vice President of Table Games
Phil Juliano	Vice President of Marketing
John Clausen	Vice President of Slot Operations
Brad Meier	Vice President of Finance
John Cwiklik	Vice President of Human Resources
Ron Matonovich	Vice President of Security
Pat McFadden	Vice President of Operations
Todd Noles	Vice President of Information Systems

VI. GAMING PROPOSAL

Boat Capacity:

Patrons: 2980
Crew: 200

Slot Machines:

Level 3: 384
Level 2: 425
Level 1: 393
Total: 1,202

Table Games:

	<u>Level 1</u>
Blackjack	15
Craps	1
Roulette	1

	<u>Level 2</u>
BlackJack	10
Roulette	5
Craps	4
Three Card Poker	3
21 Madness	2
Caribbean Stud Poker	2
Caribbean Stud Draw	1
Let It Ride	1
Pai Gow Poker	1
Mini-Baccarat	1

	Level 3
BlackJack	6
Mini-Baccarat	4
Total	<hr/> 57

Horseshoe Casino Hammond's Gaming Schedule:

Horseshoe Casino Hammond operates seven days per week as approved by the Indiana Gaming Commission. Gaming cruises commence at 8 AM and the last cruise begins at 2 AM. The duration of each cruise is two hours.

VII. CITY

According to Dennis Terry, the Chief of Staff in the Mayor's office in Hammond, Indiana, Horseshoe Gaming Holding Corp. continues to fulfill their obligations to the City of Hammond, Indiana.

There are no obligations between Lake County governmental agencies and Horseshoe Gaming Holding Corp.

VIII. LAWSUITS

Horseshoe Gaming Holding Corp. disclosed several lawsuits, which appear to be typical lawsuits incurred during the normal course of business. No significant exposure for Horseshoe Gaming Holding Corp. was noted in these lawsuits.

According to the Equal Employment Opportunity Commission (EEOC), Horseshoe Gaming, Inc. in Louisiana had twelve EEOC complaints filed against the corporation that are currently pending. There has been one EEOC complaint filed at the Tunica, Mississippi property; this complaint is in the preliminary stages of the complaint. There has been ten EEOC complaints filed at the Joliet, Illinois property; one has been settled the remaining nine are pending. The Horseshoe located in Hammond, Indiana has had thirteen EEOC complaints filed, five of which are awaiting EEOC determination, four are in discovery, the remaining four are currently pending.

On July 11, 2001 Jack Binion filed a lawsuit against Kamel Nacif, a high stakes gambler that frequented Binions Horseshoe Casino in Las Vegas, Nevada. Mr. Binion is seeking to recover \$4,687,100.00 in gambling debts owed by Mr. Nacif.

Mr. Nacif accumulated the gambling debts when he was granted credit while gambling at Binion's Horseshoe Casino in Las Vegas, Nevada between 1994 and 1996. Mr. Binion assumed the credit instruments from Binion's Horseshoe Casino in an agreement with Becky Behnen after Mr. Binion sold his interest in Binion's Horseshoe Casino.

IX. INVESTIGATIVE ISSUES

Empress Casino Hammond Regulatory Violations In Indiana

Complaint #96-EM-1: On June 26, 1996, Empress Casino Hammond hired a temporary agency to provide catering services on the riverboat. The temporary agency assigned individuals who were under the age of twenty-one to work on the riverboat.

Settlement: The Commission recommended a fine of \$1,500.00 per individual under the age of twenty-one who was allowed to work on the riverboat. Empress Casino Hammond was fined of \$4,500.00.

Complaint #96-EM-2: On July 15, 1996, the Empress Casino Hammond intentionally damaged a surveillance videotape of a patron transaction and also found insufficient camera coverage on Cage 6 on the Ruby Level of Empress Casino Hammond.

Settlement: Empress Casino Hammond was fined \$7,500.00.

Complaint #98-EM-1: On January 4, 1998, Empress Casino Hammond failed to follow internal control procedures by failing to have locks and keys secured in 19 different locations. These violations occurred in approximately a four-month span causing the Commission to take action.

Settlement: The Commission ordered Empress Casino Hammond to pay a fine in the amount of \$9,000.00 and to have cabinets and drawers equipped with functioning locks by June 10, 1998.

Complaint #98-EM-2: From January 4, 1998 to January 24, 1998 the Empress Casino Hammond violated its own internal control procedures with respect to transactions of a patron. A photograph was not taken and attached to a multiple transaction log and a patron was allowed to cash out chips without producing identification

Settlement: The Commission imposed a fine of \$81,000.00 on Empress Casino Hammond.

Complaint #99-EM-1: A complaint has been initiated against Empress Casino Hammond, stating that Empress Casino Hammond did not follow directives issued by the Commission concerning the manner in which variances were to be handled and reported, and failure to accurately report variances.

Settlement: Empress Casino Hammond may respond by filing an answer within twenty days or negotiate a settlement agreement of the complaint.

Since Horseshoe Gaming's purchase of Empress Casino, Horseshoe Gaming has been cited four times for underage patrons on their gaming vessel.

Complaint #01-HH-1: On March 25, 2001 an underage patron was discovered of the gaming vessel.

Settlement: The commission imposed a \$1,500.00 fine.

During July 2001 Horseshoe Casino was cited by the Indiana Gaming Commission for three incidents involving underage patrons on the gaming vessel. This matter is currently pending before the Indiana Gaming Commission.

X. COMMISSION NOTES

